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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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WORLD COTTON PROSPECTS

Summary

The October advance in cotton prices was influenced by the advance in prices of stocks, bonds, grains, and a few other commodities, by the increased textile activity in Great Britain which was stimulated since the abandonment of the gold standard, by improvement in exports, by the movement to hold some of the supply off the market, and by the unusually large domestic sales of cotton cloth. By the middle of November however, prices had lost about 40 per cent of the October advance and were only about 1 cent per pound above the low point reached on October 5.

The movement of prices in the past two months has resulted in the price of American cotton becoming still cheaper relative to other growths. During the first two weeks of November the price of American cotton at Liverpool compared with three important types of Indian cotton was as cheap as in 1926-27, when a decided shift to the consumption of American cotton took place. Similar improvements in the price relationship of American and foreign cottons were reported in German, Japanese, and Chinese markets. Spot cotton in the domestic markets has shown more strength in the past two months than in the futures markets and the spread between Middling 7/8 inch spots and the futures quotations are less than usual. This is due in part to a relative scarcity of low grades and short staples and in part perhaps to the holding movement.

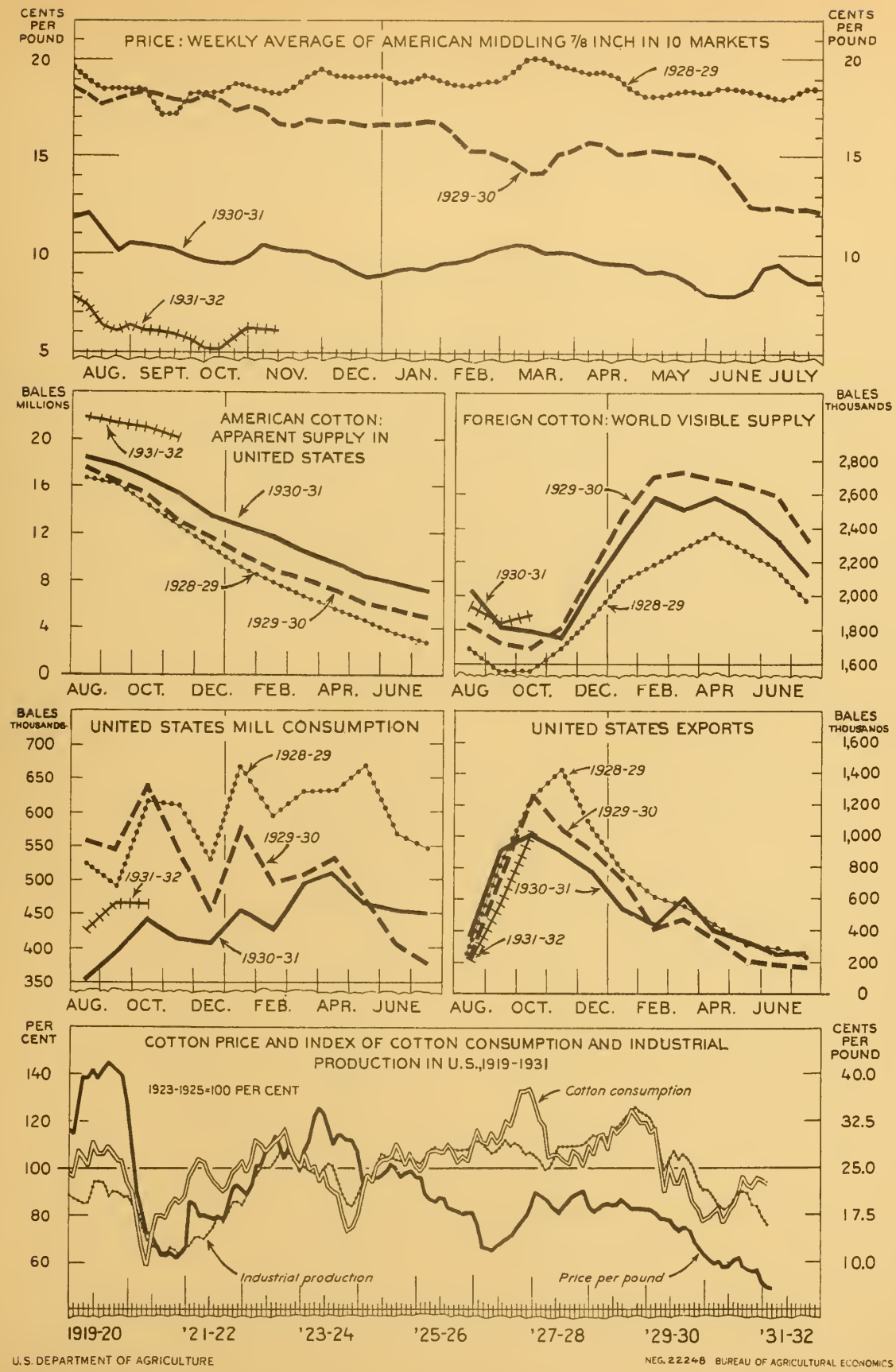
Developments in the cotton textile situation in the United States during October were on the whole somewhat favorable in spite of the fact that mill activity as measured by cotton consumption remained about the same as in September, as sales of cotton cloth, reported to the Association of Cotton Textile Merchants of New York, were at the highest rate for any month since September 1929 (25 months previous). This resulted in the largest increase in unfilled orders, in

actual yardage as well as in percentage, for any month since comparable statistics have been available. In Great Britain, mill activity in early November was estimated at between 75 and 100 per cent of capacity compared with 55 per cent in early October. The depreciation of the pound sterling enables the British manufacturers to compete more successfully in world cotton textile markets.

On the Continent the cotton textile situation has shown improvements in Germany and Italy, where spinning and weaving mill activity has either maintained the rate of previous weeks or has increased. In Germany, loom activity is some 10 per cent above last year. In Italy, mill stocks have further decreased and mill activity has shown some increase. The French industry is much depressed, mill activity being roughly 20 to 30 per cent below last year, mill stocks of yarn and cloth 30 to 60 per cent higher than last year, and unfilled orders low. About the middle of November, however, the domestic market for cotton goods was reported as broadening although exports continued low. Japan and China are both feeling the effects of increased competition from Great Britain and Japan is being seriously affected by the Chinese boycott, but the boycott has brought more business to Chinese mills and they are now very busy.

The indications now are that United States production will be about 2,971,000 bales larger in 1931-32 than last season and that foreign production will be at least 500,000 bales less. The November forecast of United States production added 619,000 bales to the previous indicated supply which itself was the largest on record. The present crop in addition to being large is the best in quality of any recent crop. Up to October 1 only 3.2 per cent of the cotton ginned was under 7/8 inch in staple, whereas last year there was 14.0 per cent and in 1929, 15.7 per cent. The Russian crop of 1930 is now estimated at 1,550,000 bales of 478 pounds and this Bureau is now adopting a figure of 2,000,000 bales for the Russian crop of 1931. This figure is 200,000 bales lower than the one recently published by this Bureau and is in marked contrast with the reports from Russia and the International Institute of Agriculture that the 1931 Russian cotton crop is from 70 to 80 per cent larger than the 1930 crop.

THE COTTON PROSPECT



U.S. DEPARTMENT OF AGRICULTURE

NEG. 22248 BUREAU OF AGRICULTURAL ECONOMICS

Prices

Spots

Prices of American Middling 7/8 inch cotton in domestic markets as well as in foreign markets made substantial gains from the first to the third weeks in October and on the 16th of November were still more than 1 cent per pound above the low for the season reached early in October. The average price in the 10 designated markets which on October 5 was 4.89 cents per pound (the low for the season) advanced to 6.47 cents on October 23, but on November 18 was 5.82 cents per pound.

At Liverpool on October 2 American middling spot cotton sold at 7.02 cents per pound on the basis of the current rate of exchange and advanced to 8.12 cents on October 23, but since then has declined and on November 13 was 7.95 cents per pound. The movement of prices of other spot cotton in Liverpool has been somewhat in accord with the movement of prices of American cotton, but the net effect of the situation has been that American cotton has become relatively cheaper when compared with other cottons, particularly Indian, its most important competitor. During September three important types of Indian 1/ cotton at Liverpool averaged 81.6 per cent of American 1/, but in October Indian averaged 86.6 per cent of American. On Friday, November 6, a similar price comparison showed Indian cotton averaging 90.4 per cent of American and on November 13, 93.3 per cent. In October and November, 1930 prices of Indian cotton averaged 71.0 and 73.9 per cent respectively of the prices of American and in 1926 the October average was 89.6 per cent. (See Table 1.)

1/ Average of Friday quotations for three types of Indian (fully good, broach; fine, Oomra; and fully good scindeand two grades of American, Middling and Low Middling.

Table 1.- Liverpool Spot prices of Indian cotton expressed as a percentage of American, Liverpool, by months, 1926-27, 1930-31 and 1931-32 1/

Month	1926-27	1930-31	1931-32
	Per cent	Per cent	Per cent
Aug.	85.6	61.2	82.1
Sept.	86.2	66.9	81.8
Oct.	89.6	71.0	86.6
Nov.	88.8	73.9	2/ 91.8
Dec.	90.5	71.9	
Jan.	89.8	72.2	
Feb.	90.0	75.2	
Mar.	89.8	74.6	
Apr.	89.7	74.6	
May	89.9	74.9	
June	90.9	78.5	
July	90.2	80.5	

1/ Average of Friday quotations for three types of Indian (fully good, broach; fine, Oomra; and fully good, scinde) divided by average of same days of American Middling and Low Middling.
2/ Average for Friday, November 6 and Friday, November 13, 1931. Only Friday quotations are available currently.

This means that at Liverpool the price of American is now cheaper relative to Indian than in 1926-27 when foreign consumers took a considerably larger proportion of American cotton than usual.

In Japan, prices of American spot cotton advanced 10 per cent from September 22 to October 22 while Indian cotton increased 16 per cent which further improved the price parity of American cotton in that important market.

In Bremen, the price of American relative to Indian about the middle of November was still cheaper than in previous years, except 1926-27.

Futures

Futures prices of American cotton during the past two months have shown slightly less strength than spot prices of Middling 7/8 inch cotton in the central markets. This may be seen by the fact that for the week ended September 12 the near (active futures) month of October on the New York exchange averaged 9.4 per cent (0.63 cents) above the average spot price in the 10 markets during that period, whereas during the week of October 5 to 10, the futures price averaged 8.5 per cent or 0.48 cents above, and for the week ended November 14, December delivery on the New York exchange averaged only 6.1 per cent or 0.40 cents above Middling 7/8 inch in the designated southern markets. The extensive holding movement over the South and the relative scarcity of low grades and short staples are apparently contributing to this situation. The grade and staple report of the cotton ginned prior to October 1 shows that only 3.2 per cent of the cotton ginned was under 7/8 inch in staple, whereas last year there was 14.0 per cent. The report shows that the grade of this year's crop is running even better than last year when the crop was very good.

Stocks and Movements

World supply of American Cotton

The latest estimate of the domestic crop for 1931 is 16.9 million bales of 478 pounds net or 500 pounds gross which when added to the world carry-over of about 8.8 million running bales gives an indicated supply for the 1931-32 season of 25.7 million bales compared with a little less than 20.2 million bales for the 1930-31 season, 19.3 million bales the season before, and 23.3 million bales for the 1926-27 season, the largest previous supply on record.

Exports of American cotton

During the first three months of the present season exports have totaled 1,783,000 running bales compared with 2,273,000 bales last year or a decrease of 22 per cent. The movement from this country during October, however, was slightly above October, 1930, being 1,014,000 running

bales compared with 1,004,000 bales. Exports to the Orient continue well above last year, Japan having taken 84 per cent more cotton during the first three months this season than during the August to October period last year. The greatest pick-up in exports during October was in those going to Great Britain. During August and September the amount of cotton exported to Great Britain was almost 81 per cent below last season, but in October was only about 14 per cent below October, 1930. Germany, Italy, France, and other European countries showed smaller improvements compared with October, 1930.

Imports of foreign cotton

From August 1 to October 31, 1931, imports of cotton totaled 15,298 bales of 500 pounds compared with 11,042 bales during the August to October period last year. The principal increase has been in Egyptian cotton, the total this season being 6,816 bales compared with only 25 bales last season. Imports from India are running below the early part of the 1930-31 season.

Stocks at consuming establishments in the United States

During the past twelve months stocks of all cotton held in consuming establishments have been below the corresponding period of the previous year. At the end of October the 1,116,000 running bales held by domestic mills was 219,000 bales, or 18 per cent, below October 31, 1931. The same situation has been true in regard to mill stocks of American cotton and at the close of October they were 16 per cent below last year. Stocks of foreign cotton have been below the previous year since December 1930, but have been declining rapidly since then and on October 31 this year were 42 per cent below last October and the lowest for the month of October since 1926. Mill stocks of Egyptian cotton at the end of October were 55 per cent below last year and were the lowest for any month since December 1925.

Stocks in public storage and at compresses in the United States

Stocks of raw cotton in public storage and at compresses in the United States at the end of the month have been larger each month since July, 1929 than at the corresponding time the previous season. At the end of October this year stocks at these places were almost 2,000,000 bales or 26 per cent larger than a year earlier. Stocks of American were slightly over 2,000,000 bales or 27 per cent larger while stocks of foreign were 60 per cent less. Stocks of Egyptian cotton were also about 60 per cent below a year ago.

Continental European spinner's takings

To the end of October continental spinner's takings of American cotton for the season from August 1 totaled 707,000 bales compared with 882,000 bales to the same date last season, a decrease of 20 per cent and was the lowest for recent years. However, a substantial increase in buying activity was reported for October.

World visible supply

On November 6 the world visible supply of American cotton which amounted to 7,620,000 running bales was 10 per cent larger than a year earlier, according to reports of the Commercial and Financial Chronicle. During the past four weeks the visible supply increased 1,771,000 bales compared with an increase of 1,523,000 bales last year.

The visible supply of foreign cotton on November 6 totaled 1,785,000 bales compared with 1,849,000 bales last year or a decrease of about 3 per cent. Since October 9 there has been a decrease of 14,000 bales, whereas last year during this period there was a 57,000 bale increase.

Exports of cotton from India and Egypt

From August 1 to November 5 total exports of Indian cotton amounted to 477,000 running bales compared with 820,000 bales last season and 593,000 bales two seasons ago or a decrease of 42 and 20 per cent respectively, according to reports from the Commercial and Financial Chronicle. During the four weeks ended November 5, 116,000 bales were exported which was 53 per cent below the same period in 1930 and 22 per cent below the similar period in 1929.

Exports from Alexandria for the season to November 4 totaled 226,000 running bales, an increase of 32 per cent over the 171,000 bales exported to November 4 last season and was practically the same as exported during this period in 1929, according to reports of the Chronicle. From October 7 to November 4, four weeks, exports from Alexandria amounted to 92,000 bales and were 5,000 bales below the corresponding period last year. Exports to Great Britain, the Continent and India, and to America (the three groups reported by the Chronicle) all showed increases so far this season over the first three months of last season.

Textile Situation

United States

In the domestic cotton textile situation an encouraging development has taken place in the sales of cotton cloth as reported to The Association of Cotton Textile Merchants of New York during October. The 333.7 million yards sold in October, averaged 83.4 million yards per week, the highest weekly rate since September 1929 and sales were 46.9 per cent above production which itself was the largest since April 1930. Shipments of cotton cloth however, while almost as great as during the past few months, were below both production and sales, resulting in a slight increase in stocks and a 51.7 per cent increase in unfilled orders. The increase in orders

during October in actual yardage, as well as in percentage was the largest recorded in any single month since comparable statistics have been gathered. This indicates that buyers generally felt that the low prices on cloth warranted forward commitments.

Domestic cotton textile mill activity as measured by consumption of raw cotton continued during October at a rate above last year, but showed less than the usual seasonal advance over September. October consumption amounted to about 462,000 running bales compared with 464,000 bales in September and 443,000 bales in October 1930, according to reports of the Bureau of the Census. Consumption in October has averaged about 50,000 bales above September during the past five years. For the three months August to October this season consumption totaled about 1,352,000 bales, which is 162,000 bales, or 14 per cent, above the corresponding period last season.

Great Britain

Since the abandonment of the gold standard cotton textile mill activity in Great Britain has made a substantial increase which is perhaps the most important recent development in foreign countries so far as the American cotton situation is concerned. In early November, mill activity was estimated at between 75 and 100 per cent of capacity compared with 55 per cent one month earlier. The depreciation of the pound sterling has enabled British manufacturers to compete successfully with textile producers of other countries. The increase in employment as well as the tendency for the public to turn from investments in currency and securities into real values are perhaps factors affecting the increased demand by consumers in Great Britain. The improvement in the British situation is being reflected in increased exports of American cotton to Great Britain. As has been pointed out above, the exports of cotton from the United States to Great Britain in October were only 14 per cent below October last year whereas in August and September they were almost 81 per cent below those two months of 1930.

The October exports of piece goods from Great Britain showed a substantial increase over September but was below a year earlier. The 143.1 million square yards exported in October compared with 128.5 million yards in September and 150.3 million yards in October 1930. The gain in October was considerably more than the usual seasonal, but exports were still at a very low level.

The increased competition offered by British goods in the markets of the world may affect mill activity in the Orient, but the net effect of such competition would be likely to be favorable to American cotton since Great Britain uses American cotton mostly.

Continental Europe 1/

Continental Europe experienced much increased activity in buying and price-fixing of raw cotton during October. Simultaneously, though to a less extent, the cotton yarn and cloth markets also exhibited signs of revival in conjunction with the sharp upward movement of raw cotton prices in October. Coming after months of virtual stagnation, these developments are encouraging, yet it is recognized that the general depression persists. The sensitiveness of the cotton trade and mill conditions to October developments shows how quickly a revival could come in this industry once a basis is laid in the form of genuine betterment in the general economic outlook.

Continental spinner and merchant buying of raw cotton in October chiefly concerned nearer positions, but forward months were also traded in fair volume. Germany and Italy were outstandingly active in the revival of buying, while western Europe appeared somewhat backward in relation to the general level of its requirements for current production. Speculative initiative in the western European countries, however, is usually less marked than in other parts of Europe; furthermore, the cotton industry in western European countries at present, is undoubtedly influenced, psychologically, by the comparatively recent tightening of the business depression, whereas, other parts of the Continent, with a long period of depression already behind, are better prepared, psychologically, for revival. In Italy the cotton industry appears to have worked around to a position of better balance.

Sales booked by cotton spinning and weaving mills in Central Europe and Italy were generally larger in October than in September. Currency considerations, i.e., exchange restrictions and concern about the stability of numerous currencies, have been a significant element in this revival. With stocks of goods small and prices low, the trade has regarded risks involved in a moderate refillment of stocks as comparatively small, and the buying policy of cloth mills, processors, and the wholesale and retail textile trade in recent weeks appears definitely to have been influenced by these considerations. Press reports from practically all countries which have suspended the gold standard or have found it necessary for the Government to assume control of the foreign exchange market indicate some tendency on the part of the public toward a flight from currency and securities into real values. In Austria it is also reported that the currency restrictions have stimulated spinner buying interest for cotton through fear of inability to obtain exchange needed for covering current requirements. On the other hand, currency restrictions have undoubtedly made for reduced import buying of some cotton products; for example, Austrian buying of cotton fabrics from Czechoslovakia.

1/ Based on report from Agricultural Attache' L. V. Steere at Berlin, dated November 5, 1931 supplemented by cable on November 16.

Cotton mill activity on the Continent during October is not expected to show any great change as compared with September when figures are issued, but a moderate increase in operations seems likely as a result of the developments previously described. Even with improvement, however, the operating level of the continental cotton mill industry is still very low in practically all the important producing countries.

Stocks of cotton yarn and cotton goods remain small throughout Central Europe and continued to decline in Italy, but in France stocks are much above the level prevailing in previous years.

Germany

German spinners and weavers complained generally during September about a lack of seasonal improvement in sales of yarn and goods, but a certain improvement in both spinner and weaver business occurred during the month of October as a result of larger coverings of the wholesale and retail trade. This is attributed to rising raw cotton markets and uneasiness about the monetary situation within the country.

Cotton mill activity for both spinners and weavers showed some slight rise for September - October as a result of these conditions. In August - September loom activity was some 10 per cent higher than during the same period in the past two years. Spinning mill activity, on the other hand, was from 3 to 10 per cent below the same time last year and as much as 20 per cent lower than in 1927-1929. It should be noted that cloth mill activity since June has been above the levels of the last two years, whereas this is only partly true of spinning activity.

Foreign trade in cotton yarn and cotton fabrics in Germany was at a low point in September 1931; both yarn and cloth imports were much below any of the previous four years. Whether British currency conditions will change this situation to any significant degree cannot as yet be stated, but the industry is already complaining of British competition in the western sections of the Reich. At the same time, increasing difficulties in exporting to England and the Scandinavian countries are reported.

German net imports of raw cotton during the months of August and September 1931, as reported by the statistical office, were the lowest since 1924 and showed a declining tendency from August to September, while the usual seasonal movement is upward.

However, German spinner buying, as reported by the Bremen cotton exchange, was of considerable volume during the month of October, particularly for near and prompt positions, but also into the first calendar quarter of 1932. Price fixing and the import business of the dealers also increased considerably.

An object of continuous complaint by the industry has been the unsatisfactory spinner and weaver margins received during the past year. The present spinner's margin is slightly over 7 cents per pound of cotton yarn, against almost 10 cents last year, but less than 7 cents two years ago. The weaver's margin is 21 cents per 8.75 yards of cloth as compared with 26 cents last year and 27 cents two years ago.

Statistics on the textile retail trade for the month of September show a turnover of only 88 per cent of September last year on the basis of values, but when allowance is made for the change in prices, a turnover of 99 per cent of that in September last year is indicated.

Czechoslovakia

Reports from Czechoslovakia indicate that conditions remain very unsatisfactory. Increasing export difficulties and some textile failures continue to be reported. As a result of the unsatisfactory currency situation in Austria and Hungary, it is almost impossible to obtain export orders from these most important customers at the present moment. Czechoslovakian exports to England and the Scandinavian countries are also greatly hampered as a result of the devaluation of these currencies and exports to Italy are discouraged by the 15 per cent increase in import tariff imposed recently in that country.

Export figures for the month of August showed declining exports of both fabrics and yarn. The level was below any of the previous six months, but the September movement was larger and in the case of fabrics was larger than any month since November 1930. Exports of yarn were the largest with one exception since October 1930. Since the Czechoslovakian textile industries are so dependent upon exports the significance of the low rate of exports in recent months is evident.

Spinning mill activity has recently been nearly as high as last year, but much below any of the previous three years. The rate of activity during the period from August 9 to September 5 was about 71 per cent compared with activity of from 64 to 69 per cent since the middle of last May.

Austria

The situation of cotton textile mills in Austria is very uncertain. The purchasing of raw cotton has been made rather difficult through severe currency restrictions, but probably such essentials as raw cotton will suffer less from the restrictions imposed than goods of a less necessitous character. On the other hand, the importation of finished goods is also greatly hampered by the same measure, a fact which benefits the domestic cotton industry to the extent that it means additional protection for domestic weavers against imports, notably from Czechoslovakia.

Increasing sales of cotton yarn and cotton goods were reported in Austria during the month of October, but these can be traced partly to fear among business men that a new inflation might result from the present difficult monetary situation in the country. From this it appears that the revival in sales is based in part at least on a "flight into real values" rather than on business prospects. Notwithstanding the unfavorable recent developments in Austria, cotton mill activity is believed to have shown some further increase recently, but operating levels are still below the corresponding period of recent years. The August spinning mill activity was 6 per cent above July and was the highest since last April.

France

October reports from the French cotton textile industry continued rather pessimistic, but it appears that there was some improvement toward the end of the month, probably as a result of the stimulating influence of the rise in raw cotton markets.

Spinner and weaver business up to the 20th of October was much complained of in most sections of the country, with reports indicating that British competition was being felt, notably in the region of Lille and with respect to fine count yarn. Buying by Paris wholesale merchants at the end of the month was quite considerable and a large amount of cotton fabrics moved in this direction. However, price cutting remained severe. The district of Rouen reported somewhat better spinner business throughout the month, while Roubaix-Tourcoing was again the center of weakness in the French situation.

Reports from Havre indicated reviving interest and moderate buying activity in raw cotton by spinners around the middle of the month as a result of the bullish movement in America. Toward the end of the month, spinners and merchants as well, evinced a somewhat more conservative attitude. That the general wave of buying interest in Europe did not extend to France to the degree expected by the trade, is partly explained by the reluctance of the banks to extend such credit facilities as are likely to be needed in view of the withdrawal of British bank credit, formerly the operating basis of a number of important mills in the north of France.

Mill activity in France is down to roughly 20 to 30 per cent below last year, when it was already below the previous year. Mill stocks of yarn are 30 to 40 per cent larger than last year or previous years. Mill stocks of cloth are even twice as high as two years ago or 60 per cent higher than last year. Unfilled orders of the spinning mills are 20 per cent less than last year or 40 per cent less than two years ago. About the middle of November, however, the domestic market for cotton goods was reported as broadening, although exports continued to decline.

Italy

The Italian cotton mill situation continues on about the levels of last month and remains somewhat more encouraging than in any other country of the Continent. Cotton mill stocks have further decreased, yarn engagements have maintained the rise previously reported, cotton spinner commitments in raw cotton are below last year and two years ago, and spinning, as well as weaving mill activity, has shown an increase on, or maintenance of, levels previously reported. It appears that orders, stocks, and output are quite well balanced in the different lines of the cotton industry and trade, although recently, as a result of the increased sales and reduced stocks, production has forged somewhat ahead of new orders. The discrepancy, however, is insignificant in view of the opposite tendency prevailing for some time past. This better balance in the cotton industry of Italy places the industry in that country in a position to make real progress as soon as general conditions in the country and in foreign countries will permit, provided the reorganization of the industrial holdings of the Banca Commercial (among which are many textiles) does not interfere.

The month of October brought fair buying of grey and colored fabrics by the domestic market, but the export market was quiet and sales difficult. Italian cotton spinners exhibited a fair interest for spot and near c.i.f. cotton during October, and price fixation attained considerable volume.

Poland

Recent reports on Poland indicate difficulties in the maintenance of cartel discipline. It is stated that various firms, even adherents to the cartel, have reduced prices, regardless of the stipulations of the cartel administration. This has brought severe price-cutting on all sides and dangerous disruption of the market. As a result, the spinners cartel has decided to reduce further the working time in cotton spinning mills, and for the period November 30 to December 26 hours are to be curtailed from the present 40 per week to 32 per week. The purpose is to reduce stocks to an extent that will reduce pressure on prices. In order to force all firms to adhere to the cartel and to prevent them from taking any separate action, cartel cotton mill interests are advocating a monopoly in the importation of raw cotton for the cartel. Firms which do not adhere to the cartel would pay a certain premium on the raw material. The idea is supported by influential circles of the cotton industry and the cotton textile trade, but the Government has not yet agreed.

Toward the end of October an important textile worker strike broke out at Lodz. It involves 18,000 textile workers, who oppose a further reduction in their wages sought by the mills.

Russia

Production of the Russian cotton textile industry during the first nine months of 1931 is now reported to have amounted to 1,828.5 million

yards of finished fabrics, or 90.[illegible] per cent of the plan for that period. Output in the corresponding nine months of 1930 was 1,7[illegible]3.0 million yards.

According to the plan 831.1 million yards of fabrics are to be produced during the last quarter of 1931. This would mean an increase of 144 million yards over the same quarter last year and of about 25 per cent as compared with the third quarter of this year. There is ground for doubt as to whether the planned increase will actually be attained, as Russian textile plants have had serious difficulties during recent months. Shortage of qualified labor as well as the large number of new workmen constantly having to be absorbed are among the main problems. This appears to be well reflected in the efficiency figures issued by Soviet authorities. Thus, for example, productivity of textile labor was 18.7 per cent below the plan in August in the case of the spinning mills and 16.4 per cent in the case of weaving mills; the number of spindles idle because of machinery breakage amounted to 10.9 per cent of the total number of spindles at work in July and remained on the same high level in August. Similar conditions were reported for looms, the corresponding figures being 7.1 per cent for July and 8.1 per cent in August.

Difficulties in adjusting spindles to some varieties of cotton of the 1930 crop have apparently also been experienced. However, hope is expressed that a turn for the better will be experienced during the fourth quarter of the year, when better quality cotton of the new crop will be available. Labor difficulties are also expected to become less acute as the new workmen taken on by the mills during the third quarter become better acquainted with their jobs.

On the other hand, the planned increase of production is said to involve the taking on of new workmen to the extent of about 40,000, and additional weaving equipment to the extent of 12 per cent. These facts do not promise well for the success of the cotton textile plan.

Rumors have been circulated in the foreign press that the Russians will buy significant quantities of American cotton from Federal Farm Board stocks. If such plans really exist, it would not mean that an actual import deficit of raw cotton exists in Russia. It might mean that the Russians are planning or would like to buy foreign cotton of medium or lower quality on credit, and sell better quality Russian cotton instead, if possible, on a cash basis.

Russian foreign trade statistics for the first five months of 1931 indicate that very little cotton was imported into Russia during that time, total imports having amounted to the equivalent of 34,000 bales only of 478 pounds compared with 112,000 bales during the corresponding months of 1930.

Japan 1/

The trend of raw cotton was upward and of spot yarn downward between September 22 and October 22 with American spots increasing 10 per cent, Indian Oomras increasing 16 per cent which made the parity of American and Indian still more favorable for American. American spot price , however, advanced sixty points or 9 per cent from October 22 to November 21 while Indian Oomras increased 7 per cent but the parity still favored American cotton to the extent that fine Oomras were being sold at the same price as American strict Low Middling 7/8 inch staple. Due to the price parity between Indian and American, imports of Indian from September 1 to the middle of November were 70 per cent less than for the same period last year while imports of American cotton were about 60 per cent above last year. Yarn prices failed to follow raw cotton due to Manchurian trouble, the subsequent Chinese boycott, and the fall of sterling exchange, which resulted in an unfavorable yarn demand. The boycott against Japanese goods in China, one of the best markets, and the decline in the British pound which put English piece goods on a competitive basis in the Indian, South Africa, and Near East markets are the outstanding recent developments in the Japanese textile situation. As a result of these developments the Japanese spinners have agreed to curtail production an additional 5.8 per cent during the months of November and December.

The 89.8 million pounds of yarn produced in September was almost 1.2 million pounds (1 per cent) above August, about 10.5 million pounds or 13 per cent above September 1930 and was the largest production for any month since May 1930 (sixteen months previous).

In October yarn production was about maintained amounting to 89.6 million pounds, or 12 per cent above October last year.

September cloth production which was about the same as in August was 16.8 million yards or 16 per cent above September 1930 and amounted to 118.5 million yards. October production was 2.4 million yards above September despite a drop of 18.6 million square yards or 14.5 per cent in exports during the month. This indicates that the weavers are being seriously affected from increased competition from Great Britain and by the Chinese boycott.

1/ Based primarily on reports from Consul Donovan at Kobe.

Stocks of raw cotton in Japan at the end of October while below a month earlier were about 41,000 bales (30 per cent) above the same time last year, totaling 177,000 bales compared with 136,000 bales at the end of October 1930. Stocks of American were 100,000 bales compared with 74,000 bales at the end of October last year, or an increase of 26 per cent.

Despite the curtailment in output, the Japanese industry is still expanding its equipment according to reports of the Japan Cotton Spinners Association. Member companies are reported to have increased the number of spindles in place by 77,000 during the first half of 1931. In addition there are perhaps 300,000 spindles now in the process of installation. No doubt the reduction of night work for women necessitates an increase in the number of spindles.

China 1/

American cotton continued in strong demand in China about the middle of November, stocks of raw cotton were not considered heavy, large quantities of American cotton were booked, and forward sales were still being made. A fair amount of Inidan cotton was being purchased but a greater amount of Indian was expected to be bought in December. The Chinese cotton is coming to market very slowly this fall and it is expected that the amount of Chinese cotton available for the mills in Shanghai will be 50 per cent less than last year, and prices of native cotton are high in comparison with foreign cotton of equal quality.

The boycott on Japanese goods has resulted in increased activities in the Chinese cotton mills and they are now very busy. The Japanese mills in China in early November were still continuing full operations but were debating whether to operate part time or to close down. If the boycott continues it is believed that they must close down by the end of December. At least a part of the effect of this boycott would probably be offset by increased operations in the Chinese mills.

The stocks of yarn in the hands of the Chinese spinners are low while the Japanese stocks are accumulating. Some low count yarns of the Japanese mills have been sold to Manchuria. Yarn prices in Shanghai, have recently declined due in part to the large amount of Japanese yarn being stored there. The export business from China to southern Asia has been hard hit due to the cheaper British goods.

1/ Based largely on cable from Agricultural Commissioner Owen L. Dawson, at Shanghai, dated November 13.

Production, Acreage, Crop Condition Reports

On the basis of available information it now appears that production in the major foreign producing countries in 1931-32 will probably be at least 500,000 bales less than in 1930-31. In the United States, however, the 1931 crop is expected to be about 2,971,000 bales above last year.

United States

The condition of the domestic crop on November 1 indicated that production this year will amount to about 16,903,000 bales of 478 pounds net or 500 pounds gross. This is an increase of 619,000 bales or 3.8 per cent over the October 1 forecast or 2,971,000 bales greater than the crop of 1930 and is the second largest crop ever produced in the United States. The 1926 crop, which alone exceeded the present one, was 17,977,000 bales. The month of October was exceptionally favorable for the harvesting of cotton. With the exception of few localities, weather conditions were practically ideal for the picking, the temperatures having been above average and rainfall light. The November forecast was larger than that of a month earlier, in every State except Arizona. In every State, except Florida, Arizona, and California, the indicated yield for 1931 is substantially above that of 1930. As compared with last year the yield per acre in Arkansas has shown the greatest increase, being forecast at 246 pounds per acre compared with 107 pounds in 1930, or an increase of 139 pounds per acre over last year and 77 pounds or 46 per cent above the 10-year average yield.

Total ginnings for the season prior to November 14, amounted to 14,210,000 running bales compared with 11,963,000 bales in 1930 and were more than 1,000,000 bales larger than any previous year. In addition to the large ginnings in terms of running bales, it is also significant that the average weight of bales this season is heavier than in any previous year of record.

Of the cotton ginned up to October 1 this year only 3.2 per cent was under 7/8 inch in staple whereas last year 14.0 per cent was of this short staple. Of the early ginning which were 1 inch and longer in staple there was a 5 per cent larger proportion this year compared with last. A larger proportion of the ginnings to October 1 this year were middling and better in grade than in 1930, a year which was itself very good in grade. This high quality crop is largely a result of the very favorable growing conditions which existed throughout the South.

China

The net result of charges in the condition of the Chinese cotton crop up to November 1 continues to point to a production about 20 per cent below 1930, due largely to excessive rainfall and floods in the Yangtze Valley, according to late reports from Agricultural Commissioner Dawson at Shanghai. Estimates for the Shanghai and Nantungchow cotton areas place the crop 40 per cent below last year and the cotton from these regions

is very slow in coming to market. The Ningpo crop which is reported the same as last year has been coming to market quite freely. The Hankow crop is expected to be about 40 per cent below that of 1930. While the crop in Central China suffered from too much rain, in North China it is reported 15 per cent above last year due to a sufficient amount of rainfall. Estimates received place the Shensi and Shansi crop 30 per cent above last year.

India

Acreage planted to October 1, 1931 was 4.2 per cent below acreage planted to that date last year. While crop conditions generally seem about the same as last year, ginning reports from Punjab indicate lower yields for that province. During the past five years plantings to October 1 have averaged 83.9 per cent of the total acreage and have ranged between 80.2 and 88.9 per cent.

Egypt

In Egypt the 1931-32 acreage was reduced 19.2 per cent and the preliminary estimate of the Egyptian Government places production at 20 per cent below last year. The production estimate of about 1,329,000 bales of 478 pounds compares with 1,661,000 bales last season and 1,768,000 bales in 1929-30. The estimate for this season is the lowest since 1927-28. Ginnings to November 1 totaled 385,000 bales of 478 pounds compared with 477,000 bales last year or a decrease of 16 per cent. Sakellaridis was 37 per cent below last year.

Brazil

The members of the Brazilian cotton trade have made a rough estimate of the 1931-32 cotton crop in Brazil and placed the production at 600,000 bales or an increase of about 22 per cent over the small crop of 1930-31 which was reduced by the drought. Should the crop in Brazil turn out to be this large it will be slightly larger than the 1929-30 crop.

Chosen

A preliminary estimate of the 1931-32 crop in Chosen indicates a production of 136,000 bales which compares with 154,000 bales in 1930-31. This is a decrease of 11.7 per cent whereas the acreage was estimated to have been only 0.4 per cent below last season. Weather conditions are said to have reduced the yields.

Anglo-Egyptian Sudan

The 1931 acreage in the Gezira province of the Sudan which in the past five years has averaged 52.7 per cent of the total has been placed at 182,000 acres, a decrease of 21,000 acres or 10.7 per cent from 1930, according to a cable just received from Cotton Specialist P. K. Morris at Cairo.. The total acreage in the Sudan in 1930-31 was 387,000 and the total production was 106,000 bales of 478 pounds. This was the lowest production since 1925-26 although the acreage was the highest on record. The low yield in 1930-31 was due mostly to the severe damage of a disease known as leaf curl. The present crop is reported to be progressing satisfactorily. The improvement reported is said to be due to a change in crop rotation which is the best method so far devised for competing with the leaf curl. Estates along the Nile report a good crop and in general the crop conditions for the Sudan are much more favorable than last year.

Russia

Latest information corroborates reports that the Russian crop of 1930 was between 1,500,000 bales and 1,600,000 bales and suggest that the 1931 crop is probably about 2,000,000 bales. It will be recalled that last fall estimates of the 1930 crop ranged from 1,700,000 bales early in the season to 2,050,000 bales later in the season. On the basis of these estimates and other information this Bureau adopted the provisional figure of 1,850,000 bales as probably more nearly correct than the larger estimates. In September this year the International Institute of Agriculture at Rome cabled that it had a revised estimate of 1,596,000 bales for the 1930 Russian cotton crop. This estimate seemed unduly low, and to contradict procurement figures. However, other information obtained recently is in conformity with an estimate that low. Moreover, the Department of Commerce states that their representative at Rome reports the Institute now has a figure of 1,550,000 bales for the 1930 crop. In addition to this, "Socialist Agriculture" for November 7, 1931, a Russian publication, contains a statement by I. Reingold, Chairman of the main cotton committee for the U.S.S.R. that the 1930 production of lint cotton amounted to 3.3 million quintals, the equivalent of 1,522,000 bales of 478 pounds net. This eliminates the question of the actual downward revision of Russian production estimates for 1930. The Bureau is therefore accepting the figure of 1,550,000 bales for the Russian crop of 1930.

A basis for independent judgment on Russian figures is desirable for past years and is indispensable for dealing with present and prospective production. Three lines of approach are available: procurement figures, consumption and supply data, and a comparison of acreage, yield, and production information.

Cotton procurings figures are published at irregular intervals and it is not certain just how they are compiled, but offhand it would seem that they should be fairly accurate statements as to the amounts procured over a given period. Procurings to February 20, 1930, from the 1929 cotton crop totaled 792,000 metric tons of seed cotton. This was equivalent to 1,132,000 bales of 478 pounds net if converted on the basis of 31 pounds of lint for each 100 pounds of se d cotton, or to 1,205,000 bales if converted on the basis of 33 per cent lint to seed cotton. (The International Institute of Agriculture uses the latter conversion factor.) Production in 1929 was estimated at 1,310,000 bales of 478 pounds, 105,000 bales or 9 per cent larger than procurings to February 20. This gave a reasonable allowance for procurings after February 20 and for home use. Procurings from the 1930 crop amounted to 1,050,000 metric tons of seed cotton to January 21, 1931, equivalent to 1,501,000 bales at 31 per cent lint or to 1,598,000 bales at 33 per cent lint. By February 20, 1931, procurings amounted to 1,072,000 metric tons, equivalent to 1,533,000 bales at 31 per cent lint or 1,632,000 bales at 33 per cent lint to seed cotton. Raising this last figure by 9 per cent to approach the total crop as was necessary in 1929-30 gives a figure of 1,780,000 bales for 1930-31. The small amount procured from January 21 to February 20 suggests, however, that procurings from the 1930 crop after February 20, 1931 may have been negligible. But a crop of only 1,550,000 bales would leave nothing for home use, nothing for subsequent procurement, and would indicate that the lower conversion factor is necessary, unless the procurement figures were too large.

It is very difficult to balance supplies against distribution in Russia. The only stocks figures available are those reported by the International Federation of Cotton Spinners for cotton held at mills. Furthermore, import and export statistics are inadequate. Finally, the completeness of reported consumption figures is not known, and they do not check with supply or disappearance figures. However, they check almost exactly with the production of finished cotton cloth and can therefore be taken as reasonably accurate statements of the consumption of cotton in mills for cloth production. Production of finished cotton cloth amounted to 3,027,300,000 yards in 1928-29, 2,930,900,000 in 1929-30, and 2,328,200,000 yards in 1930-31. Total cotton consumption as reported by the International Federation of Cotton Spinners when converted to approximate 478 pound bales amounted to 1,703,000 bales in 1928-29, and 1,646,000 bales in 1929-30. According to the Federation's figures consumption in 1930-31 was equivalent to 1,380,000 bales of 478 pounds, but having no report for the first half of 1930-31 the Federation used figures for the second half of the 1929-30 season. These were apparently too high as cloth production indicated that consumption would have been about 1,325,000 bales, or 321,000 less than in 1929-30. Import and export statistics from Russia are not yet available for 1930-31. However, exports for the calendar year 1930 amounted to 47,000 bales compared with 11,000 in 1929 and imports of Russian cotton into Great Britain amounted to 118,000 bales in the first half of 1931. It is probably safe to assume therefore, that exports in 1930-31 were around 150,000 bales larger than in 1929-30. Exports

from the United States to Russia were about 100,000 bales less in 1930-31 than in 1929-30, and total imports into Russia in the first three months of 1931 were 30,000 bales compared with 65,000 bales in the comparable months of 1930 and 313,000 bales in the year ended September 20,1930. The reduction in imports therefore, may have been as great as 150,000 bales. On the other hand, stocks of cotton held by Russian mills were estimated by the International Federation of Cotton Spinners to be larger on August 1, 1931 than a year earlier by an amount equivalent to about 40,000 bales of 478 pounds net. The increase in sundries cotton was considerably more than this but there were decreases in stocks of American and Egyptian cottons. As a shortage of cotton in the summer of 1930 appeared to be the principal factor causing a drastic reduction in cloth production at that time, total stocks no doubt increased more than mill stocks did but no data are available on total stocks. To balance available figures on supply and distribution would require a crop in 1930 only 20,000 bales larger than that of 1929, which was 1,310,000 bales. As shown in the table below such balances never hold closely, and for that reason do not furnish a satisfactory method of estimating the Russian crop. As a check on other estimates the balance is valuable, however, as it shows that so far as can be determined at present, other elements of supply and distribution point to a smaller crop in 1930 than had been anticipated.

An analysis of acreage, yield, and production figures is valuable not only as a check on 1930 production, but, what is more important, to obtain a basis for estimating the 1931 crop. For the period 1909-1913 the area planted to cotton averaged 1,569,000 acres and the yield averaged 275.7 pounds per acre. In the period of decline following the revolution acreage and yield per acre both fell, the yield reaching the low point of 69.7 pounds per acre in 1921 and area the low point of 174,000 acres in 1922. Subsequently both yields and acreages were increased, but as the acreage has continued to increase it has been necessary for it to expand to unirrigated lands not formerly devoted to cotton. It is to be expected that yields in these areas will be lower than in the old established cotton-growing regions where lands are mostly irrigated. Examining yields with this in mind it is observed that the high point of yields came in 1927 at 281.5 pounds per acre. In that year 1,851,000 acres were planted to cotton. In 1928 the area amounted to 2,288,000 acres, an increase of 437,000 over 1927 and the yield fell to 261.1 pounds per acre. In 1929 the acreage was further increased and the yield fell still more, and on the basis of 1,550,000 bales produced in 1930, the yield fell to 191.4 pounds per acre when the area was increased to 3,870,000 acres. Although wide variations in yields are common in cotton production, the downward trend since 1928 is in keeping with other information pointing to lower yields on the increased acreages. This is brought out more clearly if the increase in production (in pounds) for each year since 1928 is divided by the increase in acreage for the same year. From these calculations it appears that the pre-war (1909-1913) average yield of 276 pounds per acre has been maintained on around 2,100,000 acres but that on lands in excess of that amount the yield has been around 100 pounds per acre. It so happens that the maximum pre-revolution cotton area was practically 2,100,000 acres, but some of the reported yields in that period were as high as 354 pounds per acre. Also the acreage was tend-

ing to increase. It should not be assumed therefore, that variations in yields or further increases in high yielding areas can not occur. Downward revisions in the acreage figures would of course automatically increase the calculated yields per acre.

While not overlooking these objections to the method it is significant that by taking the yield at 276 pounds per acre on 2,100,000 acres and at 100 pounds per acre on additional amounts a figure of 1,580,000 bales for production in 1930 is reached. This method applied to the 5,824,000 acres reported for 1931 gives the figure of 1,990,000 bales for the 1931 crop. If one were to attempt a further refinement on the basis of the recent trend in yields, the figure for 1931 might fall to around 1,900,000 bales which would still allow for an increase in the total crop for this year well above the increases that have been made in other recent years.

On the other hand, it should be remembered that the 1931 crop is forecast according to the International Institute of Agriculture at 80 per cent over the 1930 crop, which on the basis of 1,550,000 bales for 1930 would be 2,790,000 bales, and our Agricultural Attache at Berlin reports the Russian procuring "plan" (which is presumably based on crop expectations) to be 70 per cent over last year. Moreover, procurings for the season to October 25 were 74 per cent above those for the same period last year. An increase of 70 per cent over 1930 would give a crop of 2,640,000 bales. In view of these indications of a large increase it is probably advisable to lean toward the upper range of our indications for the 1931 crop. This gives the provisional figure of 2,000,000 bales, which seems ample in view of this analysis, but is materially lower than the estimates cabled by the Institute, or "planning" and procurement figures. Also, it is below the 2,200,000 bale estimate recently published by this Bureau.

Table 2. - Russia: Cotton acreage; yield per acre and production

Year	Quantity	Yield per acre	Production	Calculated yield on acreage added each year	Calculated yields and land in excess of 2,100,000 acres assuming that acreage to produce average yield of 276 pounds per acre
	Acres	Pounds	Bales of 478 pounds	Pounds	Pounds per acre
1909-13	1,569,000	275.7	905,000		
1921-22	296,000	69.7	43,000		
1922-23	174,000	132.0	55,000		
1923-24	527,000	178.1	196,000		
1924-25	1,244,000	174.1	453,000		
1925-26	1,464,000	255.1	782,000		
1926-27	1,631,000	243.3	830,000		
1927-28	1,851,000	281.5	1,090,000		
1928-29	2,288,000	261.1	1,250,000	175.0	102
1929-30	2,550,000	241.3	1,310,000	109.5	106
1930-31	3,870,000	191.4	1,550,000	86.9	92
1931-32	5,824,000				

Compiled by the Division of Statistical and Historical Research from reports of the International Institute of Agriculture.

Table 3. Russia: Cloth production, cotton consumption, production, mill stocks, imports and exports

Year	Finished cotton cloth production Aug. - July	Consumption reported by Cotton Federation adjusted	Production	Mill stocks Aug. 1 all cotton adjusted	Imports Oct. 1 to Sept. 30	Exports 3 months Jan.-Mar.
	Million yds.	478 pound bales	478 pound bales	478 pound bales	478 pound bales	478 pound bales
1923-24	827.3	511,000	200,000	65,000	463,000	
1924-25	1,505.6	897,000	450,000	140,000	494,000	
1925-26	2,116.4	1/ 1,374,000	780,000	282,000	476,000	
1926-27	2,526.4	1,406,000	830,000	223,000	749,000	
1927-28	2,735.3	1,534,000	1,090,000	308,000	669,000	
1928-29	3,027.3	1,703,000	1,250,000	240,000	567,000	
1929-30	2,960.9	1,646,000	1,310,000	201,000	313,000	13,000
1930-31	2,328.2	1/1,380,000	1,550,000	129,000		56,000
1931-32				169,000		

1/ Cloth production indicates cotton consumption according to this series should be 1,200,000 bales in 1925-26 and 1,325,000 bales in 1930-31.

Table 4.- Russian cotton imports

Year	All cotton 1/ Oct. 1 - Sept. 31	U. S. exports to Russia 2/ Aug. 1 - July 31	Excess of total imports over exports from U. S. 3/
	478 pounds net	478 pounds net	478 pounds net
1923-24	462,500	184,700	277,800
1924-25	493,900	253,100	240,800
1925-26	475,700	233,200	242,500
1926-27	749,400	501,100	248,300
1927-28	669,400	424,300	245,100
1928-29	567,400	317,700	249,700
1929-30	312,500	128,700	183,800
1930-31		29,000	

1/ Statistical Abstract U.S.S.R. 1928, p. 722; Economic Review of the Soviet Union, February 1, 1931.
2/ Compiled from Official Records of the Bureau of Foreign and Domestic Commerce, except 1930-31.
3/ A part of this is American cotton obtained other countries, as Great Britain.

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